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| 20 | D/EURA/DDI | X | | | |
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| | | SUSPENSE <u>1100 9 April</u> <small>Date</small> | | | |

Remarks:

Please coordinate as appropriate with NIC and provide comments/clearance to me NLT 1100 9 April.

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JHSC
Executive Secretary

8 Apr 82

Date

3637 (10-81)

*Per my conversation
this date with D/EURA
I passed CIA concurrence
to Mr. Ray Caldwell @ 632-8050
@ 1120 hrs. Thomas Stinnett
4/9/82*

APR 8 5 46 PM '82



DEPARTMENT OF STATE

Washington, D.C. 20520

April 8, 1982

Executive Secretary

82-1017

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TO : OVP - Mrs. Nancy Bearg Dyke
 NSC - Mr. Michael Wheeler
 ACDA - Mr. Joseph Presel
 CIA - Mr. Thomas R. Cormack
 Commerce - Ms. Jean Jones
 Defense - COL John Stanford
 Energy - Mr. William Vitale
 ICA - Ms. Teresa Collins
 JCS - MAJ Dennis Stanley
 OMB - Mr. William Schneider
 Treasury - Mr. David Pickford
 USTR - Mr. Geza Feketekuty

SUBJECT: NATO and Versailles Summits: Paper on Linkage and
 Speech Strategy

Attached for clearance by addressees is a draft Memorandum to the President on the two Summits he will attend in June. This paper was requested by the NSC. Addressees are requested to provide comments or clearance to Mr. Marshall Canse (Versailles) at 632-1089 or to Mr. Ray Caldwell (NATO) at 632-8050 by noon Friday, April 9, to enable State to meet the NSC's firm deadline of COB April 9. Your prompt action will be appreciated.

CDL [Signature]
 L. Paul Bremer, III
 Executive Secretary

Attachment:

Paper on NATO and Versailles Summits

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 RDS-3 4/8/02

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note:
 82-1017/1 not in file

MEMORANDUM FOR: THE PRESIDENT

From: Alexander M. Haig, Jr.

Subject: Versailles and Bonn Summits: Linkage

Your European trip will be a major foreign policy event, and can set the framework for Allied economic and security cooperation for years to come. The international institutions established in the immediate post-war period need modernizing. Your participation in the June Summits can energize this process.

Two major dynamics will affect both Bonn and Versailles:

o The outcome at Versailles will shape the results at Bonn. The Allies are focused on our projected budget deficits and their implications for interest rates. Clearly, the budget issue is crucial to the domestic economy and fraught with domestic political pressures, but any move on the deficit could be used for maximum foreign policy gain, emphasizing that our actions are aimed at restoring both economic and defense growth.

o Of course, a decision on START will have to be taken with an eye to the international environment. The timing and substance of your START decisions will go far to determining the atmospherics of the entire trip and the degree to which the Allies will be responsive to our concerns and objectives at Bonn.

Attached is a framework for approaching both Summits in a coordinated manner.

Attachment: As stated

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THE JUNE SUMMITS

(I) THEMES

o Strengthen the President's personal leadership of a revitalized and more unified West.

o Emphasize the President's role as a man of peace, blunting appeal of peace movement in Europe and of freeze movement in U.S.

o Make individual and national freedom a central moral issue, stressing the need to support the growth of democracy rather than totalitarianism.

o Reinforce Western solidarity on our approach to economic problems, especially trade and East-West issues, avoiding acrimony over U.S. domestic economic policy.

o Enhance West's ability to bring about, through a more sober appreciation of the global Soviet threat, a more constructive East-West relationship.

o Build a new consensus in the Alliance on the importance of strengthening conventional defense.

(II) OUR OBJECTIVES

Versailles, London and then Bonn would focus respectively on prosperity, freedom, and peace/security.

At Versailles

o Confirm the necessity of reducing inflation, of promoting private sector activity, and of greater reliance on the market to revitalize Western economies.

o A political commitment to resolve problems which face the multilateral trading system and to a productive GATT ministerial, as a symbol of our commitment to that system and its institutions.

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o Agreement to limit official credits and eliminate credit subsidies to the Soviet Union and to establish a mechanism to monitor credit flows to Warsaw Pact countries.

o Strengthen Western energy security.

o Build new ties among next generation, to help ensure fabric of cooperation for the future.

Specific Initiatives:

- Seek framework for addressing international investment issues in order to promote a freer flow of international investment.
- Propose multilateral "food teams," reiterating the importance of agricultural policy for development, as presented at Cancun.
- Agreement to develop coal, nuclear power and natural gas; underscore market principles relating to energy; build oil stocks; and continue IEA and EC efforts to minimize the effects of oil and gas supply disruptions from less reliable exporters.
- Announce Western Youth Fellowship to build contacts among successor generation.

In London

o Launch positive political and moral program to rival the "progressive" offensive of the Marxists-Leninists.

o In speech on democracy to Parliament, invite all those who value liberty and justice, particularly the younger generation, to join in defining a major new effort to expand human freedom in the world.

Specific Initiatives

- International commission of outstanding supporters of democracy (including younger leaders) to develop a long-term

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strategy for building the infrastructure of democracy (free press, unions, parties, enterprises) throughout the world -- in fledgling democracies, authoritarian systems and communist countries.

-- Announce U.S. decision to strengthen its own capabilities through bipartisan foundation devoted to democracy.

-- possibly also announce U.S. hosting of an international conference on elections to develop permanent multilateral mechanism to encourage, assist and observe free elections.

At Bonn

o Reaffirmation of health, vitality and resolve of Alliance to respond effectively to the Soviet threat.

o Acceptance by the Alliance of our framework of restraint and responsibility for dealing with the Soviet Union.

o Allied support for our arms control policy.

o On Poland, advance Allied thinking on Western response if conditions improve or, conversely, if the situation remains unfavorable or deteriorates.

o Reinforce Versailles outcome on East-West economic issues, and advance our objectives with regard to technology transfer.

Specific Initiatives:

-- Revitalized Allied emphasis on conventional defense which will inter alia reduce reliance on nuclear weapons. This will take the form of Summit approval of a separate "Charter" on conventional defense, including a commitment to improve conventional deterrence over next five years.

-- Celebration of Spanish accession to NATO.

-- Fresh MBFR proposal.

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(III) WHAT THE ALLIES WANT

o Concrete actions on projected U.S. budget deficits as means to lower U.S. interest rates. (Versailles; also influences Allied approach at Bonn.)

o Concrete earnest of U.S. interest in arms control, particularly initiation of START talks (Bonn; affects climate at both Summits).

o A more progressive, rational rationale for our foreign/security policies, particularly in the Third World, i.e., El Salvador (London/Bonn; affects ability to gain support for efforts outside Europe and to undermine leftist opposition demonstrations.).

o Europeans want us to join in condemning Japanese trade policies; Japanese want us to stand with them to avoid their being singled out (Versailles).

o Greater U.S. willingness to intervene in foreign exchange markets (Versailles).

o End of U.S. efforts against pipeline (Versailles/Bonn).

o More timely and substantive consultations on issues of interest to the Allies and Japan (Versailles/Bonn).

(IV) OUR LEVERAGE

o Any decisions on budget deficit, with likely subsequent fall in interest rates, would, of course, be taken for domestic reasons. We could present these to Allies as further measures to strengthen the U.S. economy which in turn make a major contribution to Western economic recovery.

o Timing and handling of START announcement; progress in MBFR; willingness to adopt forthcoming approach to SSOD II; possible verification initiative.

o Launching effort to support emergence of genuinely democratic forces throughout the world.

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o An approach to exchange market policy which emphasizes the necessity to coordinate policy objectives as a condition for market stability. Greater convergence of policies and performance could be accompanied by U.S. willingness to adopt a more flexible stance on intervention to calm occasional market disorders.

o Support for the Genscher proposal for informal NATO consultations.

o Demonstrate constructive Polish policy by reiterating commitment to aid to Poland if Western conditions are met, including U.S. willingness to join in a major program of economic stabilization and reconstruction.

(V) OPPORTUNITIES TO EXERT LEVERAGE

o Overall, ensure that any U.S. action, domestic or international, in an area of Allied concern is used to achieve U.S. Summit objectives. Timing in using the following tools will be crucial.

- Presidential letter and speeches, to set framework and tone for Summits.
- DPC Ministerial, May 6-7, to firm up conventional defense component of Bonn Summit and lay foundation for the "Charter" on improved conventional defense.
- Walt Stoessel's trip to Europe, May 6-14, to follow up with key Allies and lay groundwork for agreement at NAC Ministerial on the basic elements of our approach.
- OECD Ministerial, May 10-11 and IMF Interim Committee, May 12, to lay groundwork for Versailles.
- "Sherpa" meeting for Versailles, May 13-14, to ensure draft Versailles communique contains our desired elements.
- Quadripartite Foreign Ministers Dinner at Luxembourg, May 16, to agree at four on our approach to the NATO Summit.

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- NAC Ministerial, May 17-18, to formalize agreement, to the extent possible, on content and outcome at Bonn.
- Possible trip by special emissary to consult with key Allies: open.

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